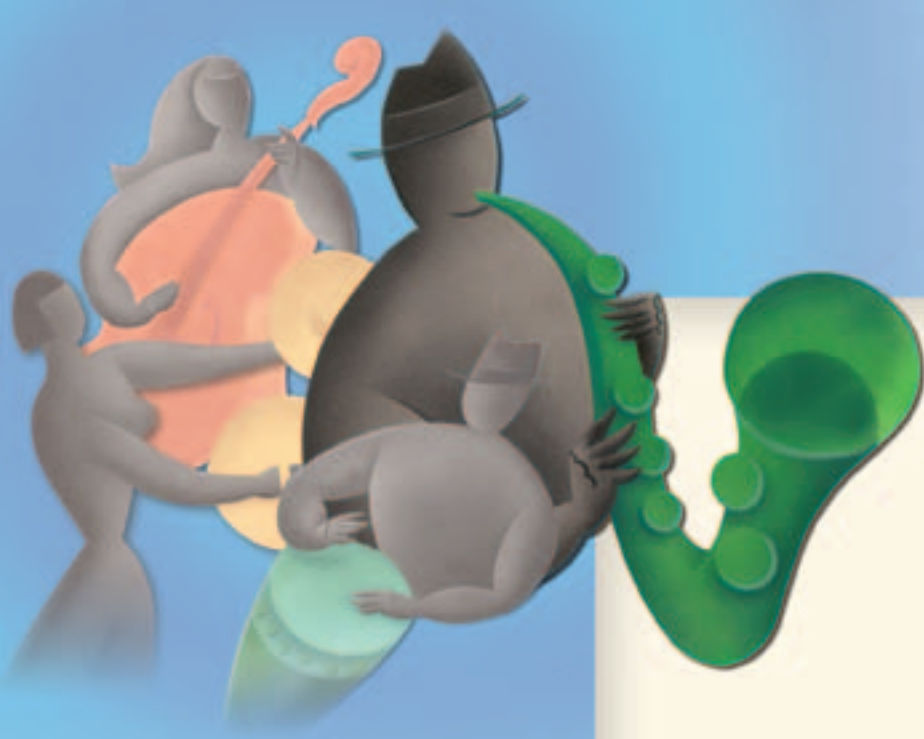


Chapter 9

Leadership



Learning Objectives

After reading Chapter 9, you should be able to:

- 1 Define and discuss the role of both formal and emergent leadership.
- 2 Explain and critically evaluate the trait approach to leadership.
- 3 Explain the task function and social-emotional function of emergent leadership and the concepts of consideration and initiating structure and their consequences.
- 4 Describe and evaluate Fiedler's Contingency Theory.
- 5 Describe and evaluate House's Path-Goal Theory.
- 6 Explain how and when to use participative leadership.
- 7 Describe and evaluate Leader-Member Exchange Theory.
- 8 Discuss the merits of transformational leadership and charisma.
- 9 Discuss the merits of developmental leadership.
- 10 Describe and evaluate strategic and global leadership.
- 11 Explain the concepts of leadership neutralizers and substitutes.

In July of 2003, Linda Cook arrived in Calgary to begin her new job as CEO of Shell Canada Ltd. The new job makes her the first woman ever to head a major integrated oil-and-gas company, and at the age of 45, she will be the youngest CEO ever to lead Shell Canada. She will be joining Cathy Williams, who was recently appointed as the company's chief financial officer.

Shell Canada
Ltd.

Linda Cook has been a rising star since she joined the Shell Oil Company in 1980 as a reservoir engineer after graduating with a degree in petroleum engineering from the University of Kansas, where she was one of three women in a class of 40 students and only the second woman to receive a petroleum engineering degree from the university. She has held numerous supervisory and managerial positions within the Royal Dutch/Shell Group including Director of Strategy & Business Development and Director of Business Services on the Shell Exploration & Production Global Executive Committee in The Hague, in the Netherlands; Chairman of the Shell Deepwater Council and General Manager New Business Development in Houston; and most recently as CEO of Shell's global natural gas-and-power generation business in London, U.K., where she was responsible for Shell's liquefied natural gas business which operates in 45 countries with revenues of approximately \$15 billion (U.S.) per annum.

Linda Cook has been described by colleagues as "personable" and as a "great communicator." She is also known for her efficiency. Within the oil-



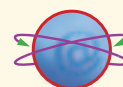
Linda Cook is the first woman ever to head a major integrated oil-and-gas company and the youngest CEO to lead Shell Canada.

and-gas industry, she is known for her high energy and sound business judgment. She has a reputation for dealing well with customers, extracting value by offloading faltering assets, and persevering on complex projects. She describes herself as a team player, saying, "I like in the end to move forward as a team with important decisions we have made and expect people to stand behind them. I have high standards and expectations in terms of performance and delivery against targets, including for myself."

Linda Cook is also known for her ability to lead large, complex, and difficult projects, such as the new liquefied natural gas facilities in Oman and Nigeria, which were completed on time and on budget. Among her other accomplishments was her involvement in Shell's mammoth Sakhalin II consortium project, in which she supervised the design of its natural gas liquefaction plant and lined up vital long-term contracts to supply customers. This project, located on Sakhalin Island in Russian waters, will be the largest integrated oil-and-gas project ever built and the biggest direct foreign investment ever made in Russia.

At Shell Canada Ltd., Cook will manage a highly diverse set of operations, including oil refineries, gas stations, and chemicals. She will oversee the production of the Athabasca Oil Sands Project, which ran into cost overruns and delays during its construction. She will also have to decide what to do with Shell's offshore gas wells in the Sable Island zone off the east coast of Nova Scotia, which has produced disappointing results. She will have to build rapport with politicians and bureaucrats and answer to the company's shareholders who control about 22 percent of Shell Canada stock.

Linda Cook is a leader who is highly regarded in a sector that has long been dominated by men. She is expected to rise to even greater challenges in the future. She is also recognized as one of the most powerful business women in the world.¹



Shell Canada Limited
www.shell.ca

Linda Cook's story is a case study in successful leadership. But what exactly is leadership, and what makes a leader successful? Would Linda Cook be successful in other leadership situations? These are the kinds of issues that this chapter tackles.

First, we will define leadership and find out if we can identify special leadership traits. After this, we will explore how leaders emerge in groups. Next, we will examine the consequences of various leadership behaviours and examine theories contending that effective leadership depends on the nature of the work situation. Following this are discussions of participation, leader-member exchange theory, transformational leadership, developmental leadership, strategic leadership, and global leadership. We conclude the chapter by critically evaluating the importance of leadership in organizations.

What Is Leadership?

A recent issue of *Report on Business* magazine illustrates the perceived importance of leadership in business and public affairs. The cover story, entitled "The toughest SOBs in business," profiles Canada's toughest bosses and suggests that effective leaders have a rare combination of vision, skills, expertise, and toughness. A cover story in *Fortune* magazine with the title "Why CEOs Fail" examines the failure of numerous CEOs and notes that most unsuccessful CEOs fail because of one simple, fatal shortcoming: they fail to put the right people in the right jobs and to fix people problems. Another article in *Report on Business* magazine suggests that leadership will increasingly make the difference between an organization's success and failure. It is therefore not surprising that corporations in North America spend billions of dollars each year to make their leaders more effective.²

Leadership. The influence that particular individuals exert on the goal achievement of others in an organizational context.

Leadership occurs when particular individuals exert influence on the goal achievement of others in an organizational context. Thus, *Report on Business* argues for the merits of "toughness" and points out that one trait shared by effective leaders is the ability to drive relentlessly toward a goal even if it means being intimidating or infuriating. Effective leadership exerts influence in a way that achieves organizational goals by enhancing the productivity, innovation, satisfaction, and commitment of the workforce.

In theory, *any* organizational member can exert influence on other members, thus engaging in leadership. In practice, though, some members are in a better position to be leaders than others. Individuals with titles such as *manager*, *executive*, *supervisor*, and *department head* occupy formal or assigned leadership roles. As part of these roles they are *expected* to influence others, and they are given specific authority to direct employees. Of course, the presence of a formal leadership role is no guarantee that there is leadership. Some managers and supervisors fail to exert any influence on others. These people will usually be judged to be ineffective leaders. Thus, leadership involves going beyond formal role requirements to influence others.

Individuals might also emerge to occupy informal leadership roles. Since informal leaders do not have formal authority, they must rely on being well liked or being perceived as highly skilled in order to exert influence. In this chapter we will concentrate on formal leadership, although we will consider informal leadership as well.

Are Leaders Born or Made? The Search for Leadership Traits

Throughout history, social observers have been fascinated by obvious examples of successful interpersonal influence, whether the consequences of this influence were good, bad, or mixed. Individuals such as Henry Ford, Martin Luther King, Jr.,



Bombardier CEO Paul Tellier exhibits many of the traits associated with leadership effectiveness and is also considered to be one of the toughest leaders in Canada.

Barbara Jordan, Ralph Nader, and Joan of Arc have been analyzed and reanalyzed to discover what made them leaders and what set them apart from less successful leaders. The implicit assumption here is that those who become leaders and do a good job of it possess a special set of traits that distinguish them from the masses of followers. While philosophers and the popular media have advocated such a position for centuries, trait theories of leadership did not receive serious scientific attention until the 1900s.

Research on Leadership Traits

During World War I the U.S. military recognized that it had a leadership problem. Never before had the country mounted such a massive war effort, and able officers were in short supply. Thus, the search for leadership traits that might be useful in identifying potential officers began. Following the war, and continuing through World War II, this interest expanded to include searching for leadership traits in populations as diverse as school children and business executives. Some studies tried to differentiate traits of leaders and followers, while others were a search for traits that predicted leader effectiveness or distinguished lower-level leaders from higher-level leaders.³

Just what is a trait, anyway? **Traits** are personal characteristics of the individual, including physical characteristics, intellectual ability, and personality. Research has shown that many, many traits are not associated with whether people become leaders or how effective they are. However, research also shows that some traits are associated with leadership. Exhibit 9.1 provides a list of these traits.⁴ As you might expect, leaders (or more successful leaders) tend to be higher than average on these dimensions, although the connections are not very strong. Notice that the list portrays a high energy person who really wants to have an impact on others but at the same time is smart and stable enough not to abuse his or her power. Interestingly, this is a very accurate summary description of Bombardier CEO Paul Tellier who, while CEO of Canadian National Railways, orchestrated a turnaround that transformed the ailing company into the best run and most efficient railroad in North America.

In recent years, there has been a renewed interest in the study of leadership traits, and a number of studies have shown that certain traits are more closely linked to leadership. For example, one study found that three of the “Big Five” dimensions of

Traits. Individual characteristics such as physical attributes, intellectual ability, and personality.

Intelligence
Energy
Self-confidence
Dominance
Motivation to lead
Emotional stability
Honesty and integrity
Need for achievement

Exhibit 9.1
Traits associated with leadership effectiveness.

personality (agreeableness, extraversion, and openness to experience) are related to leadership behaviours. In addition, research that compared top performers with average performers in senior leadership positions found that the most effective leaders have high levels of emotional intelligence. The emotional intelligence of leaders has also been found to be positively related to the job satisfaction and organizational citizenship behaviour of employees.⁵ Many prominent firms use personality tests and assessment centres to measure leadership traits when making hiring and promotion decisions. However, there are some aspects to the trait approach that limit its ultimate usefulness.

Limitations of the Trait Approach

Even though some traits appear to be related to leadership, there are several reasons why the trait approach is not the best means of understanding and improving leadership.

In many cases, it is difficult to determine whether traits make the leader or whether the opportunity for leadership produces the traits. For example, do dominant individuals tend to become leaders, or do employees become more dominant *after* they successfully occupy leadership roles? This distinction is important. If the former is true, we might wish to seek out dominant people and appoint them to leadership roles. If the latter is true, this strategy will not work.

Even if we know that dominance, intelligence, or tallness is associated with effective leadership, we have few clues about what dominant or intelligent or tall people *do* to influence others successfully. As a result, we have little information about how to train and develop leaders and no way to diagnose failures of leadership.

The most crucial problem of the trait approach to leadership is its failure to take into account the *situation* in which leadership occurs. Intuitively, it seems reasonable that top executives and first-level supervisors might require different traits to be successful. Similarly, physical prowess might be useful in directing a logging crew but irrelevant to managing a team of scientists.

In summary, although there are some traits that are associated with leadership success, traits alone are not sufficient for successful leadership. Traits are only a precondition for certain actions that a leader must take in order to be successful. In other words, possessing the appropriate traits for leadership makes it possible—and even more likely—that certain actions will be taken and will be successful.⁶ Let's now consider what “actions” are important for leadership.

Lessons from Emergent Leadership

The trait approach is mainly concerned with what leaders *bring* to a group setting. The limitations of this approach gradually promoted an interest in what leaders *do* in group settings. Of particular interest were the behaviours of certain group members that caused them to *become* leaders. As we shall see, this study of emergent leadership gives us some good clues about what formally assigned or appointed leaders must do to be effective.

Imagine that a grass-roots organization has assembled to support the election of a local politician to the state legislature. In response to a newspaper ad, 30 individuals show up, all of whom admire Jonathan Greed, the aspiring candidate. The self-appointed chairperson begins the meeting and asks for volunteers for various subcommittees. The publicity subcommittee sounds interesting, so you volunteer and find yourself with six other volunteers, none of whom knows the others. Your assigned goal is to develop an effective public relations campaign for Greed. From experience, you are aware that someone will emerge to become the leader of this group. Who will it be?

Without even seeing your group interact, we can make a pretty good guess as to who will become the leader. Quite simply, it will be the person who *talks* the most, as long as he or she is perceived as having relevant expertise.⁷ Remember, leadership is a form of influence, and one important way to influence the group is by speaking a lot. What would the “big talker” talk about? Probably about planning strategy, getting organized, dividing labour, and so on—things to get the task at hand accomplished. We often call such a leader a **task leader** because he or she is most concerned with accomplishing the task at hand.

Suppose the group members are also asked who they *liked* the most in the group. Usually, there will be a fair amount of agreement, and the nominated person might be called the **social-emotional leader**. Social-emotional influence is more subtle than task influence, and it involves reducing tension, patching up disagreements, settling arguments, and maintaining morale.

In many cases, the task and social-emotional leadership roles are performed by the same group member.⁸ In some instances, though, two separate leaders emerge to fill these roles. When this happens, these two leaders usually get along well with each other and respect each other’s complementary skills.⁹

The emergence of two leadership roles has been noted again and again in a wide variety of groups. This suggests that task leadership and social-emotional leadership are two important functions that must occur in groups. On the one hand, the group must be structured and organized to accomplish its tasks. On the other hand, the group must stick together and function well as a social unit, or even the best structure and organization will be useless. Thus, in general, leaders must be concerned with both the social-emotional and task functions. Furthermore, organizations almost never appoint *two* formal leaders to a work group. Thus, the formal appointed leader must often be concerned with juggling the demands of two distinct roles.

There is an important qualifier to the preceding paragraph. It should be obvious that task and social-emotional functions are both especially important in the case of newly developing groups. However, for mature, ongoing groups, one leadership role might be more important than the other. For example, if group members have learned to get along well with each other, the social-emotional role might decrease in importance. Also, the two leadership roles may have different significance in different situations. Suppose a team of geologists is doing a routine series of mineral prospecting studies in a humid, bug-infested jungle. In this case, its leader might be most concerned with monitoring morale and reducing tensions provoked by the uncomfortable conditions. If the team becomes lost, task leadership should become more important—a logical plan for finding the way must be developed.

Task leader. A leader who is concerned with accomplishing a task by organizing others, planning strategy, and dividing labour.

Social-emotional leader. A leader who is concerned with reducing tension, patching up disagreements, settling arguments, and maintaining morale.

The Behaviour of Assigned Leaders

We turn now to the behaviour of assigned or appointed leaders, as opposed to emergent leaders. What are the crucial behaviours such leaders engage in, and how do these behaviours influence employee performance and satisfaction? In other words, is there a particular *leadership style* that is more effective than other possible styles?

Consideration and Initiating Structure

The most involved, systematic study of leadership to date was begun at Ohio State University. The Ohio State researchers began by having employees describe their superiors along a number of behavioural dimensions. Statistical analyses of these descriptions revealed that they boiled down to two basic kinds of behaviour—consideration and initiating structure.

Consideration is the extent to which a leader is approachable and shows personal concern for employees. The considerate leader is seen as friendly, egalitarian,

Consideration. The extent to which a leader is approachable and shows personal concern for employees.

Initiating structure. The degree to which a leader concentrates on group goal attainment.

and protective of group welfare. Obviously, consideration is related to the social-emotional function discovered in studies of emergent leadership.

Initiating structure is the degree to which a leader concentrates on group goal attainment. The structuring leader stresses standard procedures, schedules the work to be done, and assigns employees to particular tasks. Clearly, initiating structure is related to the task function revealed in studies of emergent leadership.

Theoretically, consideration and initiating structure are not incompatible. Presumably, a leader could be high, low, or average on one or both dimensions. Given our earlier discussion of emergent leadership functions, you might assume that a leader who is high on both dimensions would be the most effective. In the next section, we shall consider this possibility.

The Consequences of Consideration and Structure

The association between leader consideration, leader initiating structure, and employee responses has been the subject of hundreds of research studies. At first glance, the results of these studies seem confusing and often contradictory.¹⁰ Sometimes consideration seems to promote satisfaction or high performance, and sometimes it does not. Sometimes structure prompts satisfaction or performance, and sometimes it does not. However, when we consider the particular *situation* in which the leader finds himself or herself, a clearer picture emerges.

- When employees are under a high degree of pressure due to deadlines, unclear tasks, or external threat, initiating structure increases satisfaction and performance. (Soldiers stranded behind enemy lines should perform better under directive leadership.)
- When the task itself is intrinsically satisfying, the need for high consideration and high structure is generally reduced. (The teacher who really enjoys teaching should be able to function with less social-emotional support and less direction from the principal.)
- When the goals and methods of performing the job are very clear and certain, consideration should promote employee satisfaction, while structure should promote dissatisfaction. (The job of refuse collection is clear in goals and methods. Here, employees should appreciate social support but view excessive structure as redundant and unnecessary.)
- When employees lack knowledge as to how to perform a job, or the job itself has vague goals or methods, consideration becomes less important, while initiating structure takes on additional importance. (The new astronaut recruit should appreciate direction in learning a complex, unfamiliar job.)¹¹

As you can see, the effects of consideration and initiating structure depend on characteristics of the task, the employee, and the setting in which work is performed. Thus, the leader who is high in both consideration and structure will not always perform better than other types of leaders.¹² In some cases, one type of behaviour or the other might be unhelpful or even damaging to employee performance or satisfaction.

Situational Theories of Leadership

We have referred to the potential impact of the situation on leadership effectiveness several times. Specifically, *situation* refers to the *setting* in which influence attempts occur. The basic premise of situational theories of leadership is that the effectiveness of a leadership style is contingent on the setting. The setting includes the characteristics of the employees, the nature of the task they are performing, and characteristics of the organization.

A good example of the importance of the setting for the effectiveness of a leader comes from WestJet Airlines. A number of years ago, the airline hired Steve Smith to take over as CEO. At the time, Smith was running Air Canada's regional airline in Ontario. WestJet liked his amiable, energetic personality. However, once on the job it became apparent that Smith's top-down leadership style and lack of openness with employees did not fit with WestJet's more open, bottom-up, collaborative style of leadership. WestJet's employee association resented his approach and Smith eventually resigned. This is a good example of how the effectiveness of a leader's style is contingent on the setting.¹³

The two situational leadership theories described below are among the best known and most studied. They consider situational variables that seem especially likely to influence leadership effectiveness.

Fiedler's Contingency Theory

Fred Fiedler, of the University of Washington, has spent over three decades developing and refining a situational theory of leadership called **Contingency Theory**.¹⁴ This name stems from the notion that the association between *leadership orientation* and *group effectiveness* is contingent on (depends on) the extent to which the *situation is favourable* for the exertion of influence. In other words, some situations are more favourable for leadership than others, and these situations require different orientations on the part of the leader.

Leadership Orientation. Fiedler has measured leadership orientation by having leaders describe their **Least Preferred Co-Worker (LPC)**. This person may be a current or past co-worker. In either case, it is someone with whom the leader has had a difficult time getting the job done. To obtain an LPC score, the troublesome co-worker is described on eighteen scales of the following nature:

PLEASANT : _ : _ : _ : _ : _ : _ : _ : UNPLEASANT
8 7 6 5 4 3 2 1

FRIENDLY : _ : _ : _ : _ : _ : _ : _ : UNFRIENDLY
8 7 6 5 4 3 2 1

The leader who describes the LPC relatively favourably (a high LPC score) can be considered *relationship* oriented—that is, despite the fact that the LPC is or was

Contingency Theory. Fred Fiedler's theory that states that the association between leadership orientation and group effectiveness is contingent on how favourable the situation is for exerting influence.

Least Preferred Co-Worker. A current or past co-worker with whom a leader has had a difficult time accomplishing a task.

Omitted Due to
Copyright Restrictions

Situational theories of leadership explain how leadership style must be tailored to the demands of the task and the qualities of subordinates.

difficult to work with, the leader can still find positive qualities in him or her. On the other hand, the leader who describes the LPC unfavourably (a low LPC score) can be considered *task* oriented. This person allows the low-task competence of the LPC to colour his or her views of the personal qualities of the LPC (“If he’s no good at the job, then he’s not good, period.”).

Fiedler has argued that the LPC score reveals a personality trait that reflects the leader’s motivational structure. High LPC leaders are motivated to maintain interpersonal relations, while low LPC leaders are motivated to accomplish the task. Despite the apparent similarity, the LPC score is *not* a measure of consideration or initiating structure. These are observed *behaviours*, while the LPC score is evidently an *attitude* of the leader toward work relationships.

Situational Favourableness. Situational favourableness is the “contingency” part of Contingency Theory—that is, it specifies when a particular LPC orientation should contribute most to group effectiveness. According to Fiedler, a favourable leadership situation exists when the leader has a high degree of control and when the results of this control are very predictable. Factors that affect situational favourableness, in order of importance, are the following:

- *Leader–member relations.* When the relationship between the leader and the group members is good, the leader is in a favourable situation to exert influence. A poor relationship should damage the leader’s influence and even lead to insubordination or sabotage.
- *Task structure.* When the task at hand is highly structured, the leader should be able to exert considerable influence on the group. Clear goals, clear procedures to achieve these goals, and straightforward performance measures enable the leader to set performance standards and hold employees responsible.
- *Position power.* Position power is formal authority that is granted by the organization to tell others what to do. The more position power the leader holds, the more favourable is the leadership situation.

In summary, the situation is most favourable for leadership when leader–member relations are good, the task is structured, and the leader has strong position power—for example, a well-liked army sergeant who is in charge of servicing jeeps in the base motor pool. The situation is least favourable when leader–member relations are poor, the task is unstructured, and the leader has weak position power—for instance, the disliked chairperson of a voluntary homeowner’s association who is trying to get agreement on a list of community improvement projects.

The Contingency Model. Under what conditions is one leadership orientation more effective than another? As shown in Exhibit 9.2, we can arrange the possible combinations of situational factors into eight octants, which form a continuum of favourability. The model indicates that a task orientation (low LPC) is most effective when the leadership situation is very favourable (octants I, II, and III) *or* when it is very unfavourable (octant VIII). On the other hand, a relationship orientation (high LPC) is most effective in conditions of medium favourability (octants IV, V, VI, and VII). Why is this so? In essence, Fiedler argues that leaders can “get away” with a task orientation when the situation is favourable—employees are “ready” to be influenced. Conversely, when the situation is very unfavourable for leadership, task orientation is necessary to get anything accomplished. In conditions of medium favourability, the boss is faced with some combination of an unclear task or a poor relationship with employees. Here, a relationship orientation will help to make the best of a situation that is stress provoking but not impossibly bad.

Evidence and Criticism. The conclusions about leadership effectiveness in Exhibit 9.2 are derived from many studies that Fiedler summarizes.¹⁵ However, the

Favourableness	High ← → Low							
Leader-Member Relations	Good				Poor			
Task Structure	Structured		Unstructured		Structured		Unstructured	
Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
	I	II	III	IV	V	VI	VII	VIII
Most Effective Leader Orientation	Task			Relationship				Task

Exhibit 9.2
Predictions of leader effectiveness from Fiedler's Contingency Theory of leadership.

Contingency Theory has been the subject of as much debate as any theory in organizational behaviour.¹⁶ Fiedler's explanation for the superior performance of high LPC leaders in the middle octants is not especially convincing, and the exact meaning of the LPC score is one of the great mysteries of organizational behaviour. It does not seem to be correlated with other personality measures or predictive of specific leader behaviour. It now appears that a major source of the many inconsistent findings regarding Contingency Theory is the small sample sizes that researchers used in many of the studies. Advances in correcting for this problem statistically have led recent reviewers to conclude that there is reasonable support for the theory.¹⁷ However, Fiedler's prescription for task leadership in octant II (good relations, structured task, weak position power) seems contradicted by the evidence, suggesting that his theory needs some adjustment.

House's Path-Goal Theory

Robert House, building on the work of Martin Evans, has proposed a situational theory of leadership—Path-Goal Theory.¹⁸ Unlike Fiedler's Contingency Theory, which relies on the somewhat ambiguous LPC trait, **Path-Goal Theory** is concerned with the situations under which various leader *behaviours* are most effective.

The Theory. Why did House choose the name Path-Goal for his theory? According to House, the most important activities of leaders are those that clarify the paths to various goals of interest to employees. Such goals might include a promotion, a sense of accomplishment, or a pleasant work climate. In turn, the opportunity to achieve such goals should promote job satisfaction, leader acceptance, and high effort. Thus, *the effective leader forms a connection between employee goals and organizational goals.*

House argues that to provide *job satisfaction* and *leader acceptance*, leader behaviour must be perceived as immediately satisfying or as leading to future satisfaction. Leader behaviour that employees see as unnecessary or unhelpful will be resented. House contends that to promote employee *effort*, leaders must make rewards dependent on performance and ensure that employees have a clear picture of how they can achieve these rewards. To do this, the leader might have to provide support through direction, guidance, and coaching. For example, the bank teller who wishes to be promoted to supervisor should exhibit superior effort when his boss promises a recommendation contingent on good work and explains carefully how the teller can do better on his current job.

Leader Behaviour. Path-Goal Theory is concerned with four specific kinds of leader behaviour. These include:

- **Directive behaviour.** Directive leaders schedule work, maintain performance standards, and let employees know what is expected of them. This behaviour is essentially identical to initiating structure.

Path-Goal Theory. Robert House's theory concerned with the situations under which various leader behaviours (directive, supportive, participative, achievement-oriented) are most effective.

- *Supportive behaviour.* Supportive leaders are friendly, approachable, and concerned with pleasant interpersonal relationships. This behaviour is essentially identical to consideration.
- *Participative behaviour.* Participative leaders consult with employees about work-related matters and consider their opinions.
- *Achievement-oriented behaviour.* Achievement-oriented leaders encourage employees to exert high effort and strive for a high level of goal accomplishment. They express confidence that employees can reach these goals.

According to Path-Goal Theory, the effectiveness of each set of behaviours depends on the situation which the leader encounters.

Situational Factors. Path-Goal Theory has concerned itself with two primary classes of situational factors—employee characteristics and environmental factors. Exhibit 9.3 illustrates the role of these situational factors in the theory. Put simply, the impact of leader behaviour on employee satisfaction, effort, and acceptance of the leader depends on the nature of the employees and the work environment. Let us consider these two situational factors in turn, along with some of the theory's predictions.

According to the theory, different types of employees need or prefer different forms of leadership. For example:

- Employees who are high need achievers (Chapter 5) should work well under achievement-oriented leadership.
- Employees who prefer being told what to do should respond best to a directive leadership style.
- When employees feel that they have rather low task abilities, they should appreciate directive leadership and coaching behaviour. When they feel quite capable of performing the task, they will view such behaviours as unnecessary and irritating.

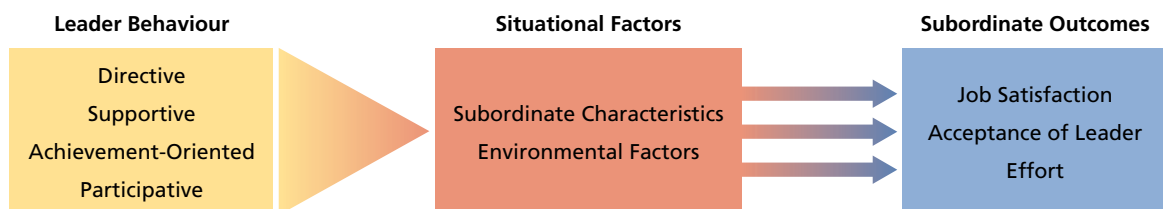
As you can observe from these examples, leaders might have to tailor their behaviour to the needs, abilities, and personalities of individual employees.

Also, according to the theory, the effectiveness of leadership behaviour depends on the particular work environment. For example:

- When tasks are clear and routine, employees should perceive directive leadership as a redundant and unnecessary imposition. This should reduce satisfaction and acceptance of the leader. Similarly, participative leadership would not seem to be useful when tasks are clear, since there is little in which to participate. Obviously, such tasks are most common at lower organizational levels.
- When tasks are challenging but ambiguous, employees should appreciate both directive and participative leadership. Such styles should clarify the path to good performance and demonstrate that the leader is concerned with helping employees to do a good job. Obviously, such tasks are most common at higher organizational levels.

Exhibit 9.3 The Path-Goal Theory of leadership.

Source: From *Journal of Contemporary Business*, 3(4), 89. Reprinted by permission.



- Frustrating, dissatisfying jobs should increase employee appreciation of supportive behaviour. To some degree, such support should compensate for a disliked job, although it should probably do little to increase effort.

As you can see from these examples of environmental factors, effective leadership should *take advantage of* the motivating and satisfying aspects of jobs while *offsetting or compensating for* those job aspects that demotivate or dissatisfy.

Evidence and Criticism. In general, there is some research support for most of the situational propositions discussed above. In particular, there is substantial evidence that supportive or considerate leader behaviour is most beneficial in supervising routine, frustrating, or dissatisfying jobs and some evidence that directive or structuring leader behaviour is most effective on ambiguous, less-structured jobs.¹⁹ The theory appears to work better in predicting employees' job satisfaction and acceptance of the leader than in predicting job performance.²⁰

Now that you are familiar with the major theories of leadership, pause and consider the You Be the Manager feature.

Participative Leadership: Involving Employees in Decisions

In the discussion of Path-Goal Theory, we raised the issue of participative leadership. Because this is such an important topic, we will devote further attention to participation.

What Is Participation?

At a very general level, **participative leadership** means involving employees in making work-related decisions. The term *involving* is intentionally broad. Participation is not a fixed or absolute property, but a relative concept. This is illustrated in Exhibit 9.4. Here, we see that leaders can vary in the extent to which they involve employees in decision making. Minimally, participation involves obtaining employee opinions before making a decision oneself. Maximally, it allows employees to make their own decisions within agreed-on limits. As the “area of

Participative leadership. Involving subordinates in making work-related decisions.

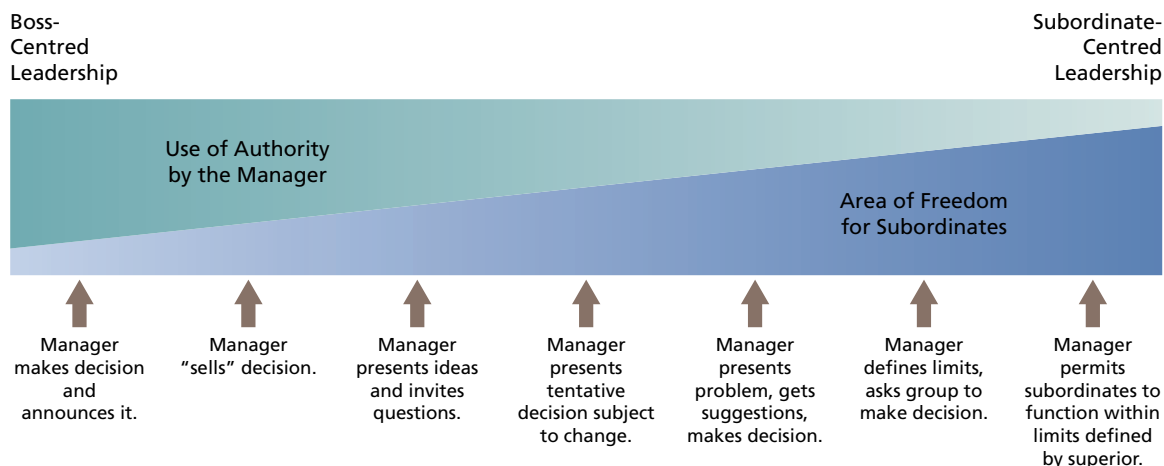


Exhibit 9.4
Subordinate participation in decision making can vary.

Source: Reprinted by permission of the Harvard Business Review. An exhibit from "How To Choose a Leadership Pattern" by Robert Tannenbaum and Warren H. Schmidt (1958, March/April). Copyright © 1958 by the President and Fellows of Harvard College; all rights reserved.

You Be the Manager

Omitted Due to
Copyright Restrictions

They dress in
army fatigues
and spend
24 hours a day
with each
other in the
woods.

Managers at Domino's Go to Boot Camp to Become Better Leaders

Fast-food outlets like Domino's Pizza require a high degree of standardization in order to respond to many orders that must be completed in a short period of time. The tasks are highly structured and routine and involve taking orders, preparing the orders, and then delivering them. Managers must schedule work, maintain performance standards, and let employees know what is expected of them. Many of the employees are young and have minimal education and work experience.

Given the nature of the work and the characteristics of the employees, what type of leadership style and behaviour will be most effective and how should Domino's train its leaders?

Management training and leadership development has become big business today with many companies like Domino's spending thousands of dollars to train their managers each year. However, not all managers attend the type of boot camp leadership training that they do at Domino's Pizza. Domino's spends approximately \$2,300 for each manager to attend a four-day training program, in which managers, dressed in army fatigues and combat boots, spend 24 hours a day with each other in the woods, eating, sleeping, and not showering.

Consider the experiences of one group of 18 Domino's managers. Each day began at dawn and ended around 2 a.m. The exercises included a reconnaissance mission in search of enemy troops; raiding the enemy's camp and showering it with pink paint while screaming and cussing at the top of their lungs; and being awakened by the sound of paint balls smashing against their tent in the middle of the night.

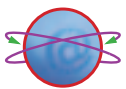
Many CEOs, including former Citicorp CEO John Reed, who is now the interim chair and CEO of the New York Stock Exchange, and former CEO of Bank of America Hugh McColl, attribute their success in the business world to the lessons they learned in the armed forces. Perhaps sending managers like those at Domino's for a few days in a simulated boot camp will make them more effective leaders. But can a few days playing war games with paint-ball rifles make you a better leader? You be the manager.

Questions

1. Do you think that this type of boot camp training will make Domino's managers more effective leaders? What do the situational theories of leadership tell us?
2. What are some of the general factors that constrain the transfer of any leadership training to the job?

To find out more about leadership training at Domino's, see The Manager's Notebook at the end of the chapter.

Source: Based on Brown, E. (1998, September, 28). War games to make you better at business. *Fortune*, 291–296.



Domino's Pizza
www.dominos.com

freedom” on the part of employees increases, the leader is behaving in a more participative manner. There is, however, an upper limit to the area of employee freedom available under participation. Participative leadership should not be confused with the *abdication* of leadership, which is almost always ineffective.

Participation can involve individual employees or the entire group of employees that reports to the leader. For example, participation on an individual basis might work best when setting performance goals for particular employees, planning employee development, or dealing with problem employees. On the other hand, the leader might involve the entire work group in decision making when determining vacation schedules, arranging for telephone coverage during lunch hour, or deciding how to allocate scarce resources, such as travel money or secretarial help. As these examples suggest, the choice of an individual or group participation strategy should be tailored to specific situations.

Potential Advantages of Participative Leadership

Just why might participation be a useful leadership technique? What are its potential advantages?

Motivation. Participation can increase the motivation of employees.²¹ In some cases, participation permits them to contribute to the establishment of work goals and to decide how they can accomplish these goals. It might also occur to you that participation can increase intrinsic motivation by enriching employees' jobs. In Chapter 6, you learned that enriched jobs include high-task variety and increased employee autonomy. Participation adds some variety to the job and promotes autonomy by increasing the "area of freedom" (Exhibit 9.4).

Quality. Participation can enhance quality in at least two ways. First, an old saying argues that "two heads are better than one." While this is not always true, there do seem to be many cases in which "two heads" (participation) lead to higher-quality decisions than the leader could make alone.²² In particular, this is most likely when employees have special knowledge to contribute to the decision. In many research and engineering departments, it is common for the professional employees to have technical knowledge that is superior to that of their boss. This occurs either because the boss is not a professional or because the boss's knowledge has become outdated. Under these conditions, participation in technical matters should enhance the quality of decisions.

Participation can also enhance quality because high levels of participation often empower employees to take direct action to solve problems without checking every detail with the boss. Empowerment gives employees the authority, opportunity, and motivation to take initiative and solve problems.

Acceptance. Even when participation does not promote motivation or increase the quality of decisions, it can increase the employees' acceptance of decisions. This is especially likely when issues of *fairness* are involved.²³ For example, consider the problems of scheduling vacations or scheduling telephone coverage during lunch hours. Here, the leader could probably make high-quality decisions without involving employees. However, the decisions might be totally unacceptable to the employees because they perceive them as unfair. Involving employees in decision making could result in solutions of equal quality that do not provoke dissatisfaction. Public commitment and ego involvement probably contribute to the acceptance of such decisions.

Potential Problems of Participative Leadership

You have no doubt learned that every issue in organizational behaviour has two sides. Consider the potential difficulties of participation.

Time and Energy. Participation is not a state of mind. It involves specific behaviours on the part of the leader (soliciting ideas, calling meetings), and these behaviours use time and energy. When a quick decision is needed, participation is not an appropriate leadership strategy. The hospital emergency room is not the place to implement participation on a continuous basis!

Loss of Power. Some leaders feel that a participative style will reduce their power and influence. Sometimes, they respond by asking employees to make trivial decisions of the "what colour shall we paint the lounge" type. Clearly, the consequences of such decisions (for motivation, quality, and acceptance) are near-zero. A lack of trust in employees and a fear that they will make mistakes is often the hallmark of an insecure manager. On the other hand, the contemporary call for flatter hierarchies and increased teamwork make such sharing of power inevitable.

Lack of Receptivity or Knowledge. Employees might not be receptive to participation. When the leader is distrusted, or when a poor labour climate exists, they might resent “having to do management’s work.” Even when receptive, employees might lack the knowledge to contribute effectively to decisions. Usually, this occurs because they are unaware of *external constraints* on their decisions. For example, consider the case of the toy factory with the following production process:

PARTS MADE → PARTS PAINTED → PARTS ASSEMBLED

In this factory, participation among the paint crew led them to establish elevated production levels that led to problems for the parts makers and toy assemblers. Management was forced to take control of production levels, and most of the painters quit.²⁴

A Situational Model of Participation

How can leaders capitalize on the potential advantages of participation while avoiding its pitfalls? Victor Vroom and Arthur Jago have developed a model that attempts to specify in a practical manner when leaders should use participation and to what extent they should use it (the model was originally developed by Vroom and Philip Yetton).²⁵

Vroom and Jago begin with the recognition that there are various degrees of participation that a leader can exhibit. For issues involving the entire work group, the following range of behaviours is plausible (A stands for autocratic, C for consultative, and G for group):

AI. You solve the problem or make the decision yourself, using information available to you at the time.

AII. You obtain the necessary information from your employees, then decide the solution to the problem yourself. You may or may not tell your employees what the problem is in getting the information from them. The role played by your employees in making the decision is clearly one of providing the necessary information to you, rather than generating or evaluating alternative solutions.

CI. You share the problem with the relevant employees individually, getting their ideas and suggestions without bringing them together as a group. Then you make the decision, which may or may not reflect your employees’ influence.

CII. You share the problem with your employees as a group, obtaining their collective ideas and suggestions. Then you make the decision, which may or may not reflect your employees’ influence.

GII. You share the problem with your employees as a group. Together you generate and evaluate alternatives and attempt to reach agreement (consensus) on a solution. Your role is much like that of chairperson. You do not try to influence the group to adopt “your” solution, and you are willing to accept and implement any solution that has the support of the entire group.²⁶

Which of these strategies is most effective? According to Vroom and Jago, this depends on the situation or problem at hand. In general, the leader’s goal should be to make high-quality decisions to which employees will be adequately committed without undue delay. To do this, he or she must consider the questions in Exhibit 9.5. The quality requirement (QR) for a problem might be low if it is very unlikely that a technically bad decision could be made or all feasible alternatives are equal in quality. Otherwise, QR is probably high. The commitment requirement (CR) is likely to be high if employees are very concerned about which alternative is chosen or if they will have to actually implement the decision. The problem is structured (ST) when the leader understands the current situation, the desired situation, and how to get from one to the other. Unfamiliarity, uncertainty, and novelty in any of

Does Participation Work?

Now we come to the bottom line—does participative leadership result in beneficial outcomes? There is substantial evidence that employees who have the opportunity to participate in work-related decisions report more job satisfaction than those who do not. Thus, most workers seem to *prefer* a participative work environment. However, the positive effects of participation on productivity are open to some question. For participation to be translated into higher productivity, it would appear that certain facilitating conditions must exist. Specifically, participation should work best when employees feel favourably toward it, when they are intelligent and knowledgeable about the issue at hand, and when the task is complex enough to make participation useful.²⁸ In general, these conditions are incorporated into the Vroom and Jago model. Like any other leadership strategy, the usefulness of participation depends on the constraints of the situation.

Leader–Member Exchange (LMX) Theory

Leader–Member Exchange (LMX) Theory. A theory of leadership that focuses on the quality of the relationship that develops between a leader and an employee.

An important component of leadership is the nature of the relationship that develops between leaders and employees. One theory of leadership that explains leader–employee relationships is **Leader–Member Exchange** or **LMX Theory**. Unlike other theories of leadership that focus on leader traits and behaviours, the focus of LMX theory is the dyadic relationship between a leader and an employee. In other words, it is a relationship-based approach to leadership. The basic idea is that over time and through the course of their interactions, different types of relationships develop between leaders and employees. As a result, each relationship that a leader develops with an employee will be different and unique. In terms of LMX theory, these relationships will differ in terms of the *quality* of the relationship. Effective leadership processes result when leaders and employees develop and maintain high-quality social exchange relationships.²⁹

Research on LMX theory has shown that the relationships between leaders and employees do in fact differ in terms of the quality of the relationship. High-quality relationships or high LMX involves a high degree of mutual influence and obligation as well as trust, loyalty, and respect between a leader and an employee. High LMX leaders provide employees with challenging tasks and opportunities, greater latitude and discretion, task-related resources, and recognition. In high-quality relationships, employees perform tasks beyond their job descriptions. At the other extreme are low-quality relationships or low LMX. Low LMX is characterized by low trust, respect, obligation, and mutual support. In low-quality relationships, the leader provides less attention and latitude to employees, and employees do only what their job descriptions and formal role requirements demand.³⁰

Research has found that the quality of LMX is related to a number of employee outcomes, including higher overall satisfaction, satisfaction with supervision, organizational commitment, role clarity, and job performance, and lower role conflict and turnover intentions. In general, research on LMX theory has found that higher-quality LMX relationships result in a number of positive outcomes for leaders, employees, work units, and organizations.³¹

Transformational Leadership and Charisma

Thus far in the chapter, we have been studying various aspects of what we can call *transactional leadership*. Transactional leadership is leadership that is based on a fairly straightforward exchange between the leader and the followers—employees perform well, and the leader rewards them; the leader uses a participatory style, and the employees come up with good ideas. Although it might be difficult to do well,

such leadership is routine, in the sense that it is directed mainly toward bringing employee behaviour in line with organizational goals. However, you might have some more dramatic examples of leadership in mind, examples in which leaders have had a more profound effect on followers by giving them a new vision that instilled true commitment to a project, a department, or an organization. Such leadership is called **transformational leadership** because the leader decisively changes the beliefs and attitudes of followers to correspond to this new vision.³²

Popular examples of transformational leadership are easy to find—consider Herb Kelleher’s founding of Southwest Airlines, Disney CEO Michael Eisner’s role in improving Disney’s performance, Steven Jobs’s vision in bringing the Apple Macintosh to fruition, or Hewlett-Packard CEO Carly Fiorina’s orchestration of HP’s merger with Compaq Computer and her transformation of HP’s structure and culture. Each of these leaders went beyond a mere institutional figurehead role and even beyond a transactional leadership role to truly transform employees’ thinking about the nature of their businesses. However, these prominent examples should not obscure the fact that transformational leadership can occur in less visible settings. For example, a new coach might revitalize a sorry peewee soccer team or an energetic new director might turn around a moribund community association using the same types of skills.

But what *are* the skills of these exceptional transformational leaders who encourage considerable effort and dedication on the part of followers? Bernard Bass of the State University of New York at Binghamton has conducted extensive research on transformational leaders.³³ Bass notes that transformational leaders are usually good at the transactional aspects of clarifying paths to goals and rewarding good performance. But he also notes three qualities that set transformational leaders apart from their transactional colleagues: intellectual stimulation, individualized consideration, and charisma.

Intellectual Stimulation

Intellectual stimulation contributes, in part, to the “new vision” aspect of transformational leadership. People are stimulated to think about problems, issues, and strategies in new ways. Often, creativity and novelty are at work here. For example, Steve Jobs was convinced that the Apple Macintosh had to be extremely user friendly. As you might imagine, many of the technical types who wanted to sign on to the Mac project needed to be convinced of the importance of this quality, and Jobs was just the person to do it, raising their consciousness about what it felt like to be a new computer user.

Individualized Consideration

Individualized consideration involves treating employees as distinct individuals, indicating concern for their personal development, and serving as a mentor when appropriate. The emphasis is a one-on-one attempt to meet the needs of the individual in question in the context of the overall goal or mission. Bass implies that individualized consideration is particularly striking when military leaders exhibit it because the military culture generally stresses impersonality and “equal” treatment. General “Stormin’” Norman Schwarzkopf, commander of American troops during the Gulf war, was noted for this.

Charisma

Charisma is the third, and by far the most important, aspect of transformational leadership. In fact, many authors simply talk about charismatic leadership, although a good case can be made that a person could have charisma without being a leader. **Charisma** is a term stemming from a Greek word meaning *favoured* or *gifted*.

Transformational leadership.

Providing followers with a new vision that instills true commitment.

Charisma. The ability to command strong loyalty and devotion from followers and thus have the potential for strong influence among them.

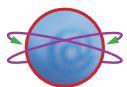
Charismatic individuals have been portrayed throughout history as having personal qualities that give them the potential to have extraordinary influence over others. They tend to command strong loyalty and devotion, and this, in turn, inspires enthusiastic dedication and effort directed toward the leader's chosen mission. In terms of the concepts we developed in Chapter 8, followers come to trust and *identify* with charismatic leaders and to *internalize* the values and goals they hold. Charisma provides the *emotional* aspect of transformational leadership.

It appears that the emergence of charisma is a complex function of traits, behaviours, and being in the right place at the right time.³⁴ Prominent traits include self-confidence, dominance, and a strong conviction in one's beliefs. Charismatics often act to create an impression of personal success and accomplishment. They hold high expectations for follower performance while at the same time expressing confidence in followers' capabilities. This enhances the self-esteem of the followers. The goals set by charismatic leaders often have a moral or ideological flavour to them. In addition, charismatic leaders often emerge to articulate the feelings of followers in times of stress or discord. If these feelings go against an existing power structure, the leader might be perceived as especially courageous.

Charismatic Stages. One interesting view of the emergence of charisma portrays it as a stage-like process.³⁵ Although such stages probably do not occur in all instances of charisma, this portrayal does clarify how charisma contributes to transformational leadership.

- In the first stage, the leader carefully evaluates the status quo for opportunities for change. He or she devotes particular attention to assessing employee needs and organizational constraints. At the same time, the leader seeks out or even causes deficiencies in the status quo. For example, he or she might commission market research to show a strong demand for a product or service that the organization does not offer.
- In the second stage, the leader formulates a vision or mission that challenges the status quo, but that somehow corresponds to the followers' needs and aspirations. For example, he or she might envision a product that will return the firm to its former eminence as a respected innovator in engineering. At this stage, impression management is important to articulate the vision to followers. Here is where rhetoric, self-confidence, and showing confidence in

Charisma is an important aspect of transformational leadership. Richard Branson of Virgin Group is a charismatic leader who commands strong loyalty and devotion from his employees.



Virgin Group
www.virgin.com



others come into play. The new mission's ability to change the unsatisfactory status quo is emphasized.

- In the final stage of charismatic emergence, the leader actually gets followers to achieve the new vision or mission, often by setting an example of self-sacrifice and flaunting unconventional expertise to build employee trust. For example, the leader might work extensive hours, make risky challenges to other organizational members who threaten the mission, and suggest unusual but workable technical solutions.

Charisma has been studied most intensively among political leaders and the leaders of social movements. Winston Churchill, Martin Luther King, Nelson Mandela, Pierre Elliott Trudeau, and Gandhi appear charismatic. Among American Presidents, one study concludes that Jefferson, Jackson, Lincoln, Kennedy, and Reagan were charismatic, while Coolidge, Harding, and Buchanan were not.³⁶ Among business leaders, Frank Stronach and Jack Welch are often cited as charismatic.

In passing, we must also mention that charisma has a dark side, a side that is revealed when charismatics abuse their strong influence over others for purely personal reasons.³⁷ Such people often exploit the needs of followers to pursue a reckless goal or mission. Adolf Hitler and cult leader David Koresh personify extreme examples of charismatic abuse. We will explore the abuse of power further in Chapter 12.

To summarize, transformational leaders provide intellectual stimulation and individualized consideration to followers. Most importantly, though, they exhibit charisma. The recent research evidence suggests that employees perceive such leaders as especially effective in stimulating both satisfaction and effort. Furthermore, charismatic leadership has been found to be related to firm performance, especially under conditions of environmental uncertainty.³⁸ Now consider “Research Focus: *Are Transformational Leaders Born or Made?*” to find out how one becomes a transformational leader.

Developmental Leadership

One of the things you might have noticed about the theories of leadership described so far is that a clear distinction is made in most theories between leaders and followers. Theories of leadership have for the most part treated leadership as a form of control in which leaders use their formal authority and power to command and control the behaviour of followers. This is especially evident in the transactional theories of leadership such as Path-Goal Theory. Contingency Theory even treats position power as a situational variable that is used to determine the most effective style of leadership. Many of the traditional theories of leadership have as their basis the notion that leadership involves controlling and directing employees' behaviour in an effort to achieve compliance.

However, in today's rapidly changing and competitive environment, the traditional control approach to leadership is changing. With an ever-increasing rate of environmental change, global competition and team-based work arrangements, along with a more educated and professional workforce, leaders need to be more developmental than controlling. Leaders can no longer simply control and direct the behaviour of employees who are highly educated and who seek greater challenges and opportunities for learning and development. According to former General Electric CEO Jack Welch, “21st century managers will forgo their old powers—to plan, organize, implement, and measure—for new duties: counseling groups, providing resources for them, helping them think for themselves.” Thus, future managers need to function as facilitators not as controllers or directors.³⁹ They need to be developmental leaders.

RESEARCH FOCUS

Are Transformational Leaders Born or Made?

Although research has found that transformational leadership is related to leadership effectiveness across different types of organizations, leadership levels, and even cultures, it remains unclear as to whether or not this is a trait or behavioural theory of leadership and whether transformational leaders are born or made. It is possible that some aspects of transformational leadership, such as charisma, are actually traits or are influenced by traits.

To answer this question, Timothy Judge and Joyce Bono of the University of Iowa, conducted a study on the “Big Five” dimensions of personality (see Chapter 2) and transformational leadership behaviour that included leaders from over 200 organizations. Leaders were asked to complete a survey to measure their personality on each of the “Big Five” dimensions. They were also asked to give a survey to several of their employees to measure their transformational leadership behaviour and to measure employees’ attitudes and motivation. A survey was also given to each leader’s supervisor to measure the leader’s effectiveness.

The results indicated that extraversion, agreeableness, and openness to experience were positively related to transformational leadership behaviour. Neuroticism and conscientiousness were not related to transformational leadership. The authors also found that transformational leadership behaviour was positively related to employees’ satisfaction with their leader as well as their organizational commitment and work motivation, and leader effectiveness.

However, because personality traits have their basis in genetics as well as one’s life-long learning experiences, this study does not provide conclusive evidence that transformational leaders are born. For this, we have to consider a study by Richard Arvey, Maria Rotundo, Wendy Johnson, and Matt McGue that looked at the role of genetics, personality, and

cognitive factors in leadership. They studied 646 identical and fraternal male twins who completed a survey about their occupancy in leadership roles in work settings.

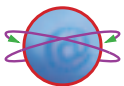
The results indicated that one’s occupancy in a leadership role could be explained by personality and cognitive factors as well as genetic factors. Thus, on the basis of this study, the authors concluded that genetics influence personality, cognitive factors, and leadership. Overall, 39 percent of the variance in leadership occupancy was explained by genetic factors, providing some evidence that leaders are born.

However, genetic factors did not completely explain leadership. Thus, leadership and, more specifically, transformational leadership must also be a function of non-genetic factors. Does this mean that transformational leaders can be made?

To find out, we have to consider a study by Michael Frese, Susanne Beime, and Sandra Schoenborn on a charismatic leadership training program. In this study, managers received training on the inspirational communication component of charismatic leadership. Following the training program, managers’ showed significant improvements in their skills to charismatically communicate a vision. The results of this study, combined with the results of several others, provide evidence that leaders can in fact be trained in intellectual stimulation and charisma.

So, are transformational leaders born or made? The answer appears to be both!

Sources: Arvey, R. D., Rotundo, M., Johnson, W., & McGue, M. The determinants of leadership: The role of genetic, personality, and cognitive factors. Manuscript under review; Frese, M., Beime, S., & Schoenborn, S. (2003). Action training for charismatic leadership: Two evaluations of studies of a commercial training module on inspirational communication of a vision. *Personnel Psychology*, 56, 671–697; Judge, T. A., & Bono, J. E. (2000). Five-factor model of personality and transformational leadership. *Journal of Applied Psychology*, 85, 751–765.



3M Canada
www.3m.ca

Developmental leadership. A style of leadership that involves working with organizational members as partners and using persuasion and negotiation rather than formal power and authority to achieve high levels of commitment rather than compliance.

What is **developmental leadership**? Developmental leadership involves working with organizational members as partners and using persuasion and negotiation rather than formal power and authority to achieve high levels of commitment rather than compliance. The role of the leader is to help individuals develop the capabilities they need to be successful in their jobs and careers and to help the organization achieve its goals. For example, at 3M, top management sees its role as developing and supporting employee initiatives rather than directing and controlling them.⁴⁰ At Westjet Airlines, employees are provided with a high degree of latitude to perform their jobs without interference from supervisors. President and CEO Clive Beddoe prefers to use persuasion rather than direction.⁴¹

Developmental leadership involves self-management, empowerment, and the use of persuasion and negotiation:

- *Self-management.* Recall from Chapter 2 that self-management involves the use of learning principles to manage one's own behaviour. In effect, this allows individuals to control and motivate themselves rather than being controlled by an external agent, such as a manager. One of the things that developmental leaders do is practise and teach their employees self-management skills. Charles Manz and Henry Sims refer to these leaders as *superleaders* because they lead others to lead themselves. In other words, they enable employees to become self-leaders who can manage and guide their own behaviour.⁴² This leadership quality is especially important for self-managing work teams. In Chapter 7, we noted that the traditional directive role of the manager is inappropriate for self-managing work teams because the team performs many of the traditional tasks of the leader. Leaders in organizations with self-managing work teams need to become more like coaches and facilitators who encourage and instruct team members in self-management. Developmental leaders teach, encourage, and reinforce others in the skills of self-management. There is some research evidence that self-management leadership behaviours are positively related to employee job satisfaction and work group effectiveness.⁴³
- *Empowerment.* Developmental leaders empower employees and teams by giving them the authority and opportunity to take initiative and solve organizational problems. Thus, developmental leaders transfer some of their power and influence to employees. They realize that not only are employees and work teams capable of taking direct action to solve problems on their own, but that in a rapidly changing and increasingly competitive environment, employees must be empowered in order to solve problems and make decisions as problems arise.
- *Persuasion and negotiation.* The traditional approach to leadership is based on the use of formal power and authority to influence the behaviour of others. How do developmental leaders influence people in organizations? According to Jay Conger, effective managers today are skilled at constructive persuasion.⁴⁴ They influence others to pursue a course of action and a common goal by convincing them of the merits of something rather than ordering, commanding, or directing them to do it. Constructive persuasion involves four components: (1) building credibility, (2) finding common ground, (3) developing compelling positions and evidence, and (4) connecting emotionally with others. Persuading others to work toward common goals also requires that leaders be skilled negotiators. This means that they ask questions, interact with employees as equals, use reason more than emotion, share information, look for win-win outcomes, and ensure that the process does not degrade those with different views.⁴⁵ Developmental leaders influence the behaviour of others by using persuasion and negotiation rather than power and authority.

Finally, it is important to realize that the behaviours associated with developmental leadership can be learned. In fact, an increasing number of managers are realizing that they must change their style of leadership to become developmental leaders rather than traditional control-style leaders.⁴⁶ Developmental leadership is likely to become a more common form of leadership as it becomes increasingly apparent to managers and leaders that in order for organizations to compete in an increasingly competitive, uncertain, and turbulent environment, they need to engender high levels of employee commitment rather than mere compliance.⁴⁷

Strategic Leadership

In today's rapidly changing and uncertain environment, leaders must be much more strategic than in the past when the environment was more certain and stable.

Strategic leadership.

Leadership that involves the ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization.

Strategic leadership refers to a leader's "ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization."⁴⁸ Strategic leaders can provide an organization with a sustainable competitive advantage by helping their organizations compete in turbulent and unpredictable environments and by exploiting growth opportunities.⁴⁹

According to Duane Ireland and Michael Hitt, there are six components to effective strategic leadership:⁵⁰

- *Determining the firm's purpose or vision.* Strategic leaders must have a clear vision of their organization and its purpose, and provide guidelines for where the firm is going and how it will get there.
- *Exploiting and maintaining core competencies.* Core competencies refer to the resources and capabilities that provide an organization with a competitive advantage. Strategic leaders must be able to develop and exploit their organization's core competencies in new and competitive ways.
- *Developing human capital.* Human capital refers to the knowledge and skills of an organization's workforce. Strategic leaders invest in the education and development of their organization's workforce and view the workforce as a critical resource.
- *Sustaining an effective organizational culture.* As described in Chapter 8, organizational culture refers to the shared beliefs, values, and assumptions that exist in an organization. An organization's culture can be a source of competitive advantage. Therefore, strategic leaders must be able to shape an organization's culture so that it is effective and can provide the organization with a competitive advantage.
- *Emphasizing ethical practices.* Strategic leaders will establish ethical principles that guide the practices and behaviour of the organization and its members and will develop a culture in which ethical principles and practices are the norm and the foundation for decisions.
- *Establishing balanced organizational controls.* Organizational controls are formal procedures that guide work and organizational activities toward the achievement of performance objectives. Strategic leaders must establish strategic and financial controls to facilitate flexible, creative, and innovative behaviours.

In addition to these six elements, the authors also recommend that strategic leaders focus on growth opportunities, create, manage, and mobilize knowledge and intellectual capital, be open and honest in their interactions with all the organization's stakeholders, and focus on the future.

Linda Cook is a good example of a strategic leader. She has been directly involved in growth opportunities and in developing and exploiting Shell's core competencies in new and competitive ways, such as their new liquefied natural gas facilities, and the Sakhalin II consortium project, which is the largest integrated oil-and-gas project ever built.

As the economy becomes increasingly global and competitive, leaders must learn to become more strategic in their approach to leadership and understand how it can be a competitive advantage. According to Duane Ireland and Michael Hitt, "Strategic leadership may prove to be one of the most critical issues facing organizations. Without effective strategic leadership, the probability that a firm can achieve superior or even satisfactory performance when confronting the challenges of the global economy will be greatly reduced."⁵¹

Global Leadership

In Chapter 1, it was noted that an important contemporary concern of management is global diversity and the global economy. It was also noted that employees and managers are increasingly required to travel to other countries and work with their counterparts in other cultures. In Chapter 4, we noted that many managers terminate foreign assignments because they perform poorly or do not adjust to the culture. With this in mind, you might be wondering what it takes to be a global leader.

Many of the traditional theories of leadership were developed during a time when leaders in North America spent most, if not all, of their career working in their country of origin. As a result, traditional theories of leadership do not consider the problems and challenges of global leadership.

Today's leaders must be able to function effectively in the global marketplace. In fact, a recent study on global leaders found that by the year 2015, trade between nations will exceed that within nations. Furthermore, 85 percent of the American Fortune 500 companies that were surveyed indicated that they do not have an adequate number of executives who are globally competent.⁵²

So what is global leadership? **Global leadership** involves having leadership capabilities to function effectively in different cultures and being able to cross language, social, economic, and political borders.

According to Hal Gregersen, Allen Morrison, and Stewart Black, global leaders have the following four characteristics:⁵³

- *Unbridled inquisitiveness.* Global leaders must be able to function effectively in different cultures in which they are required to cross language, social, economic, and political borders. A key characteristic of global leaders is that they relish the opportunity to see and experience new things.
- *Personal character.* Personal character consists of two components: an emotional connection to people from different cultures and uncompromising integrity. The ability to connect with others involves a sincere interest and concern for them, and a willingness to listen to and understand others' viewpoints. Global leaders also demonstrate an uncompromising integrity by maintaining high ethical standards and loyalty to their organization's values. This demonstration of integrity results in a high level of trust throughout the organization.
- *Duality.* For global leaders, duality means that they must be able to manage uncertainty and balance global and local tensions. Global leaders are able to balance the tensions and dualities of global integration and local demands.
- *Savvy.* Because of the greater challenges and opportunities of global business, global leaders need to have business and organizational savvy. Global business savvy means that global leaders understand the conditions they face in different countries and are able to recognize new market opportunities for their organization's goods and services. Organizational savvy means that global leaders are well informed of their organization's capabilities and international ventures.

Earlier in this chapter, we discussed research on leadership traits. By now you might be wondering if global leaders are born or made. According to the authors of the study, the answer is both, that is, "global leaders are born and then made." Individuals with the potential to become global leaders have experience working or living in different cultures, they speak more than one language, and have an aptitude for global business.

However, becoming an effective global leader requires extensive training that consists of travel to foreign countries, teamwork with members of diverse backgrounds, and formal training programs that provide instruction on topics such as international and global strategy, business and ethics, cross-cultural communication, and multicultural team leadership. The most powerful strategy for developing

Global leadership. A set of leadership capabilities required to function effectively in different cultures and the ability to cross language, social, economic, and political borders.

Omitted Due to
Copyright Restrictions

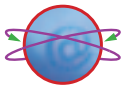
George Cohon, founder and senior chairman of McDonald's Restaurants of Canada and McDonald's in Russia, is an example of a quintessential global business leader.

global leaders is transfers and overseas assignments. Transfers enable leaders to develop many of the characteristics that global leaders require to be successful.

Linda Cook is an excellent example of a global leader who has held positions in different countries and been responsible for operations in dozens of countries around the globe. She has all the characteristics of a global leader as well as the experience of numerous overseas transfers.

In summary, developing global leaders is becoming increasingly important for organizations around the world. In order to be successful in the global economy, it is critical for an organization to identify and develop leaders who have the capability to become global leaders. For many organizations, however, this will not be easy as most report that they do not have enough global leaders now or for the future, and they do not have a system in place for developing them.⁵⁴

However, there is some evidence that certain countries produce more good global leaders than others. Karl Moore and Henry Mintzberg of McGill University found that those countries that are considered to be the most global in terms of their involvement in world trade and investment, such as Canada, the Netherlands, Switzerland, Belgium, Ireland, Sweden, Denmark, Singapore, Australia, and Finland, tend to have more than their share of good global leaders given their size. Why is this? They are all middle economy countries that are dependent on foreign trade. As a result, they must be able to understand and empathize with persons in other cultures. For Canadians, this comes naturally. According to Moore and Mintzberg, it is a strength of Canadians that they learn from the cradle to take into account other perspectives, a key requirement of global managers working for global companies. Living in a multicultural environment like Canada is excellent preparation for being a global manager. As a result, Canadian companies like Bombardier are way ahead of most organizations in big countries like the United States when it comes to global leadership.⁵⁵



Bombardier
www.bombardier.com

Gender, Culture, and Leadership Style

Do men and women tend to adopt different leadership styles? Recently, a number of popular books have argued that women leaders tend to be more intuitive, less hierarchically oriented, and more collaborative than their male counterparts. Is this true? Notice that two opposing logics could be at work here. On the one hand, different socialization experiences could lead men and women to learn different ways of exerting influence on others. On the other hand, men and women should be equally capable of gravitating toward the style that is most appropriate in a given setting. This would result in no general difference in style.

However, a number of reviews have found that there are some differences in leadership style between men and women in organizational settings. For example, researchers Alice Eagly and Blair Johnson concluded that women have a tendency to be more participative or democratic than men.⁵⁶ Interestingly, an article in *Fortune* magazine on the 50 most powerful women in American business noted that women leaders are making the business world much less macho. Why is this so? One theory holds that women have better social skills that enable them to successfully manage the give-and-take that participation requires. Another theory holds that women avoid more autocratic styles because they violate gender stereotypes and lead to negative reactions. This might explain why a recent study on gender and leadership found that women are perceived by themselves and their co-workers as performing significantly better as managers than are men.⁵⁷ Exhibit 9.6 highlights some of the qualities of successful women executives.

In another review of the leadership styles of male and female leaders based on 45 studies, female leaders were found to be more transformational than male leaders, and they also engaged in more of the contingent reward behaviours associated with transactional leadership. Male leaders engaged in more of the other com-

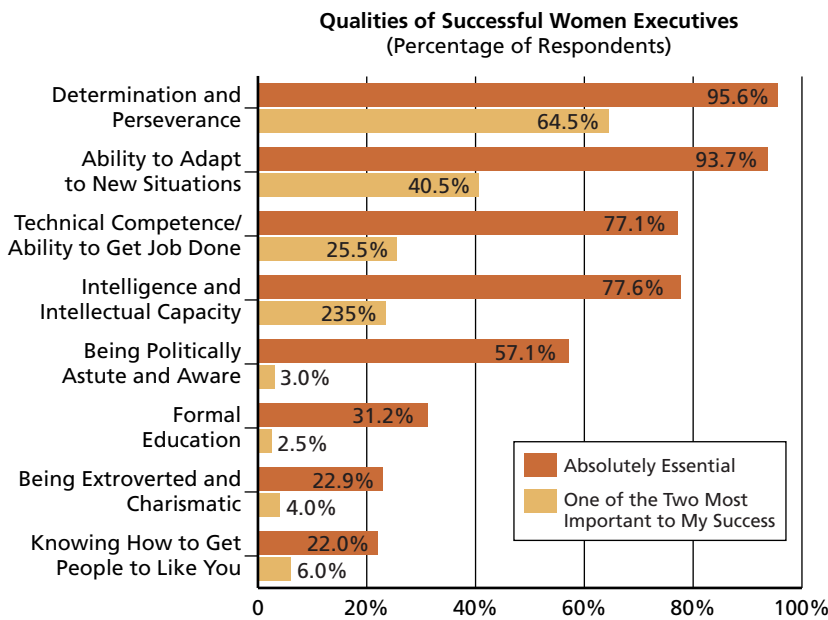


Exhibit 9.6
Qualities of successful women executives.

Source: *Women in Management*, Richard Ivey School of Business, The University of Western Ontario.

ponents of transactional leadership, such as management by exception as well as a laissez-faire style of leadership. What is most interesting about these findings is that those aspects of leadership style in which women exceed men are all positively related to leadership effectiveness, while those leadership aspects in which men exceed women have negative or null relations to leadership effectiveness. The authors concluded that these findings attest to the ability of women to be highly effective leaders in contemporary organizations.⁵⁸

Are various leadership styles equally effective across cultures? Some universality is to be expected. For example, anywhere in the world, it seems reasonable to be somewhat more directive with inexperienced and untrained employees and to be participative when you are uninformed but your employees have expert knowledge.

Still, preferences for style will vary with cultural values. For instance, more directive leadership styles will be more acceptable in cultures that favour rather large power differences, such as those characteristic of some South American countries. On the other hand, more participative approaches seem to have flourished in cultures that are removed from the extremes of both power distance and individualism, such as Japan and some Scandinavian countries. Thus, while cultural values are likely to influence the preference for various leadership styles and behaviours, most empirical research supports the applicability of leadership theories across cultures. As well, some leadership behaviours are universally important across cultures.⁵⁹ For example, there is very strong support for the universality of the transactional-transformational leadership paradigm across organizations and cultures.⁶⁰

Does Leadership Matter?

Does leadership really *matter*—that is, does it have a strong influence on the effectiveness of organizations? This might seem like an incredible question to be asking after we have devoted so many pages to leadership research and theories. However, as you have seen, the study of leadership, despite its great volume, has not produced perfect agreement about what constitutes effective leadership. Perhaps we are tilting at windmills. Maybe leadership is just not that important to organizations. Let us examine this issue, but first consider “Applied Focus: *Leadership Development and the Bottom Line at General Motors*.”



Leadership Development and the Bottom Line at General Motors

The Service Parts Operations (SPO) is a division of General Motors responsible for getting GM dealers and retailers the parts they need when they need them. The division has 30 warehousing facilities around the world, with a total of 12,350 employees. Over the years, the division improved productivity by changing its systems and processes. Nonetheless, management felt that employees' productivity did not match their potential. In fact, discussions with several major customers as well as a survey of warehousing and parts supplier companies indicated that SPO was not meeting customers' needs; it came in 10th place out of 10 companies surveyed.

The division's general manager felt that in order to improve productivity, it would be necessary to consider leadership style and supervisory skill. A consulting firm was hired to assess desired management competencies and to design and conduct a leadership development program. However, there was a catch to this initiative: The leadership program would first be conducted at a pilot facility, and changes would have to be measured and shown to be cost effective before the program could be implemented throughout the division.

Managers at the pilot facility attended a two-day assessment to identify strengths and weaknesses of the desired supervisory competencies. Consultant coaches and immediate supervisors helped each manager develop an individualized development plan based on their performance. Using management simulations, the training highlighted coaching, accountability, teamwork, quality, safety, communication, and customer relations.

To evaluate the leadership development intervention, data were collected before and after the

program was implemented and compared with data from several other facilities that did not receive the training. The results indicated a number of significant changes. First, there was a positive change in the culture of the leadership team. Compared with the other facilities, the culture improved in areas such as continuous improvement, cooperation between departments, support, and teamwork. Second, the employees' and managers' job satisfaction showed a significant improvement at the pilot facility. Third, while the overall performance of the pilot facility was 15 percent lower than the comparison facilities before the leadership development program, after the initiative, it was better than the other facilities in five key areas: schedule attainment, quality, productivity, health and safety, and absenteeism.

In financial terms, this amounted to a 21 percent productivity improvement at the pilot location and nearly \$4.4 million savings to its operating budget. This provided strong evidence that the leadership development program was a worthwhile investment. It was concluded that the leadership development intervention had a positive effect on the leadership culture and resulted in a significant improvement in performance that was far greater than the cost of the program. On the basis of these findings, management decided to implement the leadership development program at other locations in the division.

Source: Based on Davis, S. R., Lucas, J. H., & Marcotte, D. R. (1998). GM links better leaders to better business. *Workforce*, 77, 62–68.

Neutralizers of leadership.

Factors in the work setting that reduce a leader's opportunity to exercise influence.

Experts have proposed some interesting ideas in response to the dilemma of whether leadership matters.⁶¹ First, they argue that certain employee, task, and organizational characteristics can serve as **neutralizers of leadership**. When these factors are present in the work setting, they reduce the leader's opportunities to exercise influence. In this case, then, leadership might not "matter" because the leader's influence attempts are stymied. When such factors are not present, the leader might have an important effect on employee satisfaction and performance. For example, consider the following situations:

- Martin is a petroleum engineer for a major oil company. He is a trouble-shooter who deals with company problems around the world, and he is constantly "on the go." He sees his boss about every two months. Martin is very interested in his job, and he does not care about what performance rating or merit raise he receives.
- Shawn is a management trainee in a large insurance company. Her office is beside that of her boss, and she consults with him about ten times a day.

Shawn hopes to obtain a good performance rating so that she can receive a lucrative promotion.

Obviously, Shawn's boss is in a better position to exercise influence than Martin's boss. The latter's leadership potential is to some extent neutralized by the fact that he seldom sees Martin and because Martin is unresponsive to the rewards he can provide.

Going a step further, some neutralizers of leadership can actually serve as **substitutes for leadership**. In other words, some employee, task, and organizational characteristics might operate to make leadership unnecessary or redundant. While simple neutralizers reduce the *effectiveness* of leadership attempts, substitutes reduce the *necessity* for leadership. For example, consider these situations:

- A group of 10 welders and riveters is assembling a large natural gas pipeline. All of them are highly experienced, and they work well together as a friendly, cohesive unit. Their task is clear and unambiguous—assembling 50 yards of pipe each day.
- A group of computer experts has decided to start a new company to design and market software packages. Although they are all technical experts, they know nothing about financing their venture or marketing their proposed products. There is much disagreement about how to establish the new enterprise and how to choose which software to develop.

In which of these situations does leadership seem more necessary? For the pipe crew, the straightforwardness of the task at hand and the friendly, cooperative working relationships could well serve as substitutes for active, formal leadership. We would not be surprised to see the crew work well even if the boss called in sick for several days. On the other hand, the proposed computer firm is begging for leadership. Its goals are unclear, and its founders are unlikely to reach an easy agreement. There are no substitutes for leadership here.

Exhibit 9.7 summarizes a number of potential neutralizers of leadership. In some cases, these neutralizers can also serve as substitutes. In the first example discussed above (Martin versus Shawn), indifference toward rewards and spatial distance were presented as simple neutralizers. These factors reduce the impact of leadership, but they do not reduce the need for leadership. In the second example, a clear task, experienced workers, and a cohesive work group served as substitutes for formal leadership for the pipe crew. The computer group did not have the advantages of these substitutes. Notice that some factors neutralize social-emotional influence,

Substitutes for leadership.

Factors in the work setting that can take the place of active leadership, making it unnecessary or redundant.

Omitted Due to
Copyright Restrictions

Exhibit 9.7 **Neutralizers of leadership.**

Source: From Kerr, S., & Jermier, J.M. (1978). Substitutes for leadership: Their meaning and measurement. *Organizational Behavior and Human Performance*, 22(1), 378. Copyright © 1978 by Academic Press. Reprinted by permission.

some neutralize task influence, and some neutralize both. For example, highly experienced, knowledgeable employees might need little task leadership, but they still require social-emotional support from the leader.

In summary, leadership should “matter” most when neutralizers and substitutes are not present in employees’ skills and attitudes, task design, or the organizational design. The presence of neutralizers and substitutes should reduce the impact of formal leadership.⁶²

the manager's Notebook

Managers at Domino's Go to Boot Camp to Become Better Leaders

1. One of the objectives of the boot camp training program is to improve managers’ teamwork, leadership, and communication skills. Certainly, these are skills that can benefit all leaders. However, situational theories of leadership such as Contingency Theory and Path-Goal Theory indicate that the most effective leadership style and behaviour depend on situational variables, such as task and subordinate characteristics. Given that the style of leadership associated with the military tends to be task oriented and directive, we would not expect it to be effective in all situations. At Domino’s, however, Contingency Theory predicts that given a task that is highly structured and managers with high position power, a task-oriented style of leadership would be most effective if leader-member relations are good. However, if leader-member relations are poor, a structured task in which the leader has strong position power calls for a relationship-oriented leadership style. According to Path-Goal Theory, supportive and considerate leader behaviour is most beneficial when supervising routine, frustrating, or dissatisfying jobs. Directive or structuring leader behaviour is most effective for ambiguous, less structured jobs.

Thus, it would seem that while some directive leadership might be necessary to ensure that Domino’s procedures are being adhered to, especially if leader-member relations are poor, given the routine and structured nature of the work, a considerate leader would be most effective. Thus, it is questionable whether a boot camp military style training program is the most effective for Domino’s. But has the training changed the way managers work at Domino’s? While most managers have responded positively to their training experience, it is not clear if they have acquired any new skills. However, some say they are better communicators and have begun cross-training their employees. According to Domino’s national director of corporate training, managers are able to link their work experiences to the lessons learned in boot camp.

2. Factors that can inhibit leadership training from being transferred back to the job include (a) one’s boss is not receptive to the training, (b) employees are suspicious about the manager’s new behaviour, (c) the ultimate purpose of the training is unclear to the manager or to the employees, and (d) no rewards are available for successful change on the job.

Learning Objectives Checklist

1. Leadership occurs when an individual exerts influence on others’ goal achievement in an organizational context. Individuals with titles such as manager, executive, supervisor, and department head occupy formal or assigned leadership roles. As part of these roles they are *expected* to influence

others, and they are given specific authority to direct employees. Individuals might also emerge to occupy informal leadership roles. Since informal leaders do not have formal authority, they must rely on being well liked or being perceived as highly skilled in order to exert influence.

2. Early studies of leadership were concerned with identifying physical, psychological, and intellectual

traits that might predict leader effectiveness. While some traits appear to be related to leadership capacity, there are no traits that guarantee leadership across various situations.

3. Studies of emergent leadership have identified two important leadership functions—the task function and the social-emotional function. The former involves helping the group achieve its goals through planning and organizing, while the latter involves resolving disputes and maintaining a pleasant group environment. Explorations of the behaviour of assigned leaders have concentrated on initiating structure and consideration, which are similar to task behaviour and social-emotional behaviour. The effectiveness of consideration and structure depends on the nature of the task and the employees.
4. Fiedler's Contingency Theory is a situational theory of leadership that suggests that different leadership orientations are necessary, depending on the favourableness of the situation for the leader. Favourableness depends on the structure of the task, the position power of the leader, and the relationship between the leader and the group. Fiedler argues that task-oriented leaders perform best in situations that are either very favourable or very unfavourable. Relationship-oriented leaders are said to perform best in situations of medium favourability.
5. House's Path-Goal Theory is a situational theory of leadership that suggests that leaders will be most effective when they are able to clarify the paths to various subordinate goals that are also of interest to the organization. According to House, the effectiveness of directive, supportive, participative, and achievement-oriented behaviour depends on the nature of the subordinates and the characteristics of the work environment.
6. Participative leader behaviour involves employees in work decisions. Participation can increase employee motivation and lead to higher-quality and more acceptable decisions. The Vroom and Jago model specifies how much participation is best for various kinds of decisions. Participation works best when employees are desirous of participation, when they are intelligent and knowledgeable, and when the task is reasonably complex.
7. Leader-Member Exchange Theory is concerned with the quality of the relationship that develops between a leader and an employee. High-quality relationships or high LMX involves a high degree of mutual influence and obligation as well as trust, loyalty, and respect between a leader and an employee.
8. Transformational leaders modify the beliefs and attitudes of followers to correspond to a new vision. They provide intellectual stimulation and individualized consideration. They also have charisma, the ability to command extraordinary loyalty, dedication, and effort from followers.
9. Developmental leaders work with organizational members as partners and use persuasion and negotiation rather than formal power and authority to achieve high levels of commitment. They also empower their employees and teach them how to manage their own behaviour using self-management skills.
10. Strategic leaders initiate changes that enable their organizations to compete in turbulent and uncertain environments. Global leaders can function effectively in different cultures and are characterized by their inquisitiveness, personal character, global business and organizational savvy, and their ability to manage the dualities of global integration and local demands.
11. Leadership is most important when few neutralizers or substitutes for leadership exist. Neutralizers are factors that make leadership attempts less effective, and substitutes are factors that can act in place of leader influence.

ob FLASHBACK

The Socialization of Newly Hired Executives

It's hard to believe, but did you know that between 30 and 40 percent of newly hired executives either quit, significantly underperform, or get fired within a year or two of being hired? Based on the material in this chapter, you might explain this in terms of leadership traits, behaviours, or factors in the situation. For example, perhaps the newly hired executives do not have the "right stuff" to be in leadership positions. Or perhaps they do not exhibit the types of behaviours that are required to be effective. According to situational theories of leadership, you might conclude that some of the executives have a style or approach to leadership that does not suit the situation—the employees, the task, or the organization. While these are all possible explanations for ineffective leadership, they are not the main reasons for the high failure rate of newly hired executives.

According to a recent survey of 100 senior executives and recruitment specialists at major companies in Canada, the U.K., and the United States, a major reason for the high failure rate of newly hired executives is a lack of integration or what we described in Chapter 8 as *organizational socialization*.

The survey found that most organizations do little or nothing to help their newly hired executives integrate. In fact, integration is left completely up to the executive. In other words, they are left to fend for themselves and to sink or swim. You might recall from Chapter 8 that such an unstructured approach to socialization is known as individualized socialization and usually means that the early work experiences of newcomers are highly uncertain.

What can organizations do to lower the failure rate of newly hired executives? Based on the material in Chapter 8, organizations need to provide more support as well as more institutionalized and structured socialization experiences for newly hired executives. Just like other newcomers, newly hired executives need to learn about the organization, its culture, politics, language, and so on in order to lower their uncertainty and develop a strong fit. Recall from Chapter 8 that institutionalized socialization tactics are associated with lower role ambiguity and conflict, more positive job attitudes, stronger Person–Organization fit, and lower turnover. Executives can also improve their fit, integration, and socialization by using some of the proactive socialization tactics described in Chapter 8.

Organizations spend tens of thousands of dollars to recruit new executives so the costs of failed socialization are substantial. Implementing some of the socialization practices described in Chapter 8 can reduce the failure rate and improve the chances of success. According to one of the authors of the survey, "organizations that actively help their new executives fit in will enjoy a strategic advantage over their competitors given the high costs associated with turnover, severance, recruitment, and underperformance."

Source: Galt, V. (2002, April 1). Executive failure rate runs high. *The Globe & Mail*, pp. B1, B4. Reprinted with permission from *The Globe and Mail*.

Discussion Questions

1. Are leaders born or made? Consider each perspective (leaders are born versus made) and the implications of each for organizations. What does each perspective suggest that organizations do to ensure that they have effective leaders?
2. Discuss a case of emergent leadership that you have observed. Why did the person in question emerge as a leader? Did he or she fulfill the task role, the social-emotional role, or both?
3. Contrast the relative merits of consideration and initiating structure in the following leadership situations: running the daily operations of a branch bank; commanding an army unit under enemy fire; supervising a group of college students who are performing a hot, dirty, boring summer job. Use House's Path-Goal Theory to support your arguments.
4. Fred Fiedler argues that leader LPC orientation is difficult to change, and that situations should be "engineered" to fit the leader's LPC orientation. Suppose that a relationship-oriented (high LPC) person finds herself assigned to a situation with poor leader–member relations, an unstructured task, and weak position power. What could she do to make the situation more favourable for her relationship-oriented leadership?
5. Describe a situation that would be ideal for having employees participate in a work-related decision.

Discuss the employees, the problem, and the setting. Describe a situation in which participative decision making would be an especially unwise leadership strategy. Why is this so?

6. What are charismatic individuals skilled at doing that gives them extraordinary influence over others? Why do you think women are more likely to be transformational leaders than men? Describe a leadership situation in which a highly charismatic transformational leader would probably *not* be the right person for the job.
7. Discuss the pros and cons of the following statement: All managers should learn to become developmental leaders because developmental leadership is the most effective approach to leadership today.
8. Identify a leader who you think is a global leader and describe the characteristics and behaviours that make that person a global leader. Do you think that global leaders are born or made? What advice would you give an organization that needs more global leaders?
9. Leadership traits are considered to be important for leadership because they can lead to certain actions that are required for effective leadership. Review each of the traits in Exhibit 9.1 and discuss how they might be related to different leadership styles and behaviours (e.g., consideration, initiating structure, directive, supportive, participative, achievement-oriented, transformational, LMX, developmental, strategic, global).

Integrative Discussion Questions

1. Consider the relationship between leadership and organizational culture. Using the approaches to leadership discussed in this chapter (e.g., leadership traits, behaviours, situational theories, participative leadership, LMX theory, and development leadership), describe how a leader can influence the culture of an organization. Based on your analysis, do you think that leaders have a strong influence on an organization's culture?
2. What effect does leadership have on employee motivation? Using each of the theories of motivation described in Chapter 5, discuss the implications for leadership. In other words, according to each theory, what should a leader do in order to motivate employees?
3. Refer to the material in Chapter 3 on perceptions and gender stereotypes and compare and contrast what is known about gender stereotypes and

women in management to the finding that women are more likely to be transformational leaders than men. What does this tell us about perceptions, stereotypes, and reality?

Experiential Exercise

Leadership Style

Below are three cases in which a leader confronts a problem that requires him or her to make a decision. After reading each case, use your intuition to decide which of Vroom and Jago's five decision strategies (AI, AII, CI, CII, GII) the leader should use. Then reread each case and trace its characteristics through the decision tree shown in Exhibit 9.5. Did your intuitive answers differ from those that the decision tree analysis provides? If so, what factors led to the difference?

Case I

You are the general foreman in charge of a large gang laying an oil pipeline. It is now necessary to estimate your expected rate of progress in order to schedule material deliveries to the next field site.

You know the nature of the terrain you will be travelling and have the historical data needed to compute the mean and variance in the rate of speed over that type of terrain. Given these two variables, it is a simple matter to calculate the earliest and latest times at which materials and support facilities will be needed at the next site. It is important that your estimate be reasonably accurate. Underestimates result in idle foremen and workers, and an overestimate results in tying up materials for a period of time before they are to be used.

Progress has been good, and your five foremen and other members of the gang stand to receive substantial bonuses if the project is completed ahead of schedule.

Case II

You are on the division manager's staff and work on a wide variety of problems of both an administrative and a technical nature. You have been given the assignment of developing a universal method to be used in each of the five plants in the division for manually reading equipment registers, recording the readings, and transmitting the scorings to a centralized information system. All plants are located in a relatively small geographical region.

Until now, there has been a high error rate in the reading and/or transmittal of the data. Some locations have considerably higher error rates than others, and the methods used to record and transmit the data vary between plants. It is probable, therefore, that part of the error variance is a function of specific local conditions rather than anything else, and this will complicate the establishment of any system common to all plants. You have the information on error rates but no information on the local practices that generate these errors or on the local conditions that necessitate the different practices.

Everyone would benefit from an improvement in the quality of the data, as it is used in a number of important decisions. Your contacts with the plants are through the quality-control supervisors who are responsible for collecting the

data. They are a conscientious group committed to doing their jobs well, but they are highly sensitive to interference on the part of higher management in their own operations. Any solution that does not receive the active support of the various plant supervisors is unlikely to reduce the error rate significantly.

Case III

You are the head of a staff unit reporting to the vice-president of finance. He has asked you to provide a report on the firm's current portfolio including recommendations for changes in the selection criteria currently employed. Doubts have been raised about the efficiency of the existing system in the current market conditions, and there is considerable dissatisfaction with prevailing rates of return.

You plan to write the report, but at the moment, you are quite perplexed about the approach to take. Your own speciality is the bond market, and it is clear to you that a detailed knowledge of the equity market, which you lack, would greatly enhance the value of the report. Fortunately, four members of your staff are specialists in different segments of the equity market. Together they possess a vast amount of knowledge about the intricacies of investment. However, they seldom agree on the best way to achieve anything when it comes to the stock market. While they are obviously conscientious as well as knowledgeable, they have major differences when it comes to investment philosophy and strategy.

You have six weeks before the report is due. You have already begun to familiarize yourself with the firm's current portfolio and have been provided by management with a specific set of constraints that any portfolio must satisfy. Your immediate problem is to come up with some alternatives to the firm's present practices and select the most promising for detailed analysis in your report.

Source of Cases: Reprinted from *Leadership and decision-making*, by Victor H. Vroom, and Philip W. Yetton, by permission of the University of Pittsburgh Press. © 1973 by University of Pittsburgh Press.

Case Incident

The New Leader

Although it was still weeks before Elsa was to be formally appointed as the leader of a newly formed group, she decided to show her boss and the other group members that she was worthy of a promotion. She was going to become the leader of the product development group. The team of young and educated staff would be responsible for developing new and innovative computer software programs. Their first project was to develop new software packages for the airline industry. This would be a challenging opportunity to break into an industry where they had no previous experience. In an effort to show the group her leadership skills and get to know them better, Elsa decided to become very friendly with them. She joked around whenever she had a chance and always asked them to join her for lunch. She also let them know that if they needed to talk she would be in her office where she spent most of her time reading articles about the airline industry. At the

end of the month, several of her staff stopped having lunch with her and some were thinking of quitting the group. Elsa was shocked when she overheard some of them saying, "Who does she think she is anyway?" and describing her promotion as a "big mistake."

1. What is the problem with Elsa's approach to leadership? Discuss her leadership style and effectiveness in terms of Fiedler's Contingency Theory, Path-Goal Theory, and LMX Theory.
2. Given Elsa's situation, should she adopt a transactional or transformational approach to leadership? How effective would transformational leadership be in her situation? Would developmental leadership be effective?
3. What should Elsa do to become a more effective leader given her situation? What would you do?

Case Study

Computer Services Team at AVIONICS

John Johnson, a top executive at AVIONICS who was partially responsible for information systems, was contemplating a government contract directive that called for an integration of the computer information systems into a "service centre" concept. He was also aware that management had issued a directive to cut costs, and that he had not been inspired by the service centre manager's performance for some time. He wondered if the service contract idea was an opportunity to address all three issues at once.

John was known for his ability to empower people. He was dedicated to continual process improvement techniques, and he had put together a number of process improvement teams, focusing on concurrent engineering and total quality management (TQM). He prided himself on his ability to help teams improve quality and process. People respected John's abilities, and he had moved up rapidly in the organization. His excellent interpersonal skills made him well liked and influential at AVIONICS.

In John's readings of total quality management and process improvement, he had been impressed with the concept of a "leaderless team" or "autonomous work groups." He wondered if the service centre concept could be an opportunity to experiment with the idea. After some thought, he decided to lay off the computer information systems supervisor and create a leaderless team. He changed the name from "computer information systems" to "computer service centre," and let team members know that their purpose was to integrate their systems to provide quality service to the customers.

As John expected, the laid-off supervisor, Glen Smith, was not happy and immediately filed a grievance, requesting reinstatement. He was allowed to stay as a member of the team until a decision could be made about his status. Even with the grievance, John felt satisfied that he had solved some of his problems. Glen wouldn't be a problem now that he was just a member.

John decided to start the team off right with a two-day, intensive training session. At the training session, he told the

team members he was empowering them to change their own destiny. “You have the opportunity to control your own work,” John enthusiastically told them. “No one is a leader—you are all responsible. That means if you have a problem, don’t come running to me—you are in charge!”

Using large sheets of newsprint, the group listed their goals and expectations. They decided they wanted to achieve a collective identity. John instructed them on breakthrough analysis and told them about leaderless teams. Team members were impressed by John’s knowledge of the subject. William Ashby, a Macintosh specialist, listened with interest. He really liked what John was saying about total quality management. He had read a few books on the subject and, listening to John, he felt inspired about really doing it.

The First Meeting

Shortly after the off-site training session, team members gathered for their first meeting. Eight people sat at a large rectangular table. William, the Macintosh specialist, looked around the room. He had more or less worked with several of these people in the past: at least they had shared the same large office space. There was Alyne, the VAX systems administrator, and her assistant, Frank. William recognized Russ, the IBM PC specialist and his counterpart. Glen, their former supervisor, was there, trying to blend in. Three other people he didn’t know very well were also present: Rachel, the database support specialist, Harold, from business operations, and the assistant business manager, Carol.

A few people chatted with each other. Carol appeared engrossed in a memo. Glen sat with his arms folded, leaning back in his chair. William wondered who was going to get the meeting started. People were looking uncomfortable, waiting and wondering what would happen next. “Maybe I should say something,” William thought to himself. He cleared his throat.

“Well, here we all are,” he said. William hesitated, to see if anyone else wanted to take the lead. Everyone except Carol, who still seemed engrossed in her memo, stared at him. “I guess we should get started,” William announced, hoping someone would offer a suggestion. He waited again. Again, everyone stared at him.

“Well, I for one was really excited about what John had to say at our off-site training,” William looked around the room; a few people’s heads nodded. “So I guess we should get started,” William repeated, feeling a bit foolish.

Glen, the former supervisor, sat watching the group. “Oh, brother!” he thought. “This is going to be a problem, a real problem.” He watched William struggle to lead the group.

William continued: “John suggested that we elect a leader from among ourselves to act as a volunteer leader of sorts. Does anyone have any suggestions?”

“Yeah, let’s hurry this up,” said Russ, the IBM PC specialist. “I’ve got 10 people who need to be hard-wired, breathing down my neck.” Russ continued, “I nominate you, William. You seem interested, and I really don’t care who our leader is.”

Some of the people looked at Russ with embarrassment. They had lots of work to do, too, but wouldn’t have put it so bluntly. “He sure is a pain,” thought Alyne. She turned to William and smiled. “Yes, I think William would be good. Would you be interested, William?” she asked.

“Well, I guess I would. I’ve never played on a formal team before, and I don’t know what to do, but I’m willing to give it a shot.” William felt the blood rising up to his ears. “I guess, unless there are any objections, I’ll volunteer to be leader.” Since no one said anything, William became the leader.

The group spent the next 20 minutes trying to figure out what it was supposed to be doing. They weren’t sure what a TQM team was, or what it meant to integrate their various jobs to “create a service team.” Most of the people sat and listened while William, Alyne, and Rachel talked. Russ stated again that he really needed to get back to work. The group decided to continue the discussion during the next meeting, a week away.

The Volunteer Leader Prepares

William told his wife that night about his election as leader of the group. “I’m not sure what to do. Maybe I’ll check out the bookstore, and see if I can find some books on the subject.” William drove to the bookstore and searched through the business section. He found several books on TQM that looked promising, plus one called *How to Make Prize Winning Teams*, which he thought was a real find. That night, William began reading the book. He was inspired by what he read, and he thought it was “doable” for his team.

The next week, the team gathered once more around the rectangular table. Russ, the IBM specialist, was absent because of “pressing business,” but everyone else was present. William started things off by telling them about the books. He suggested that everyone should get a copy and read it.

“I think we need to begin figuring out how to improve our work,” William told them. He proceeded to tell them about how they should look at each of their areas, and look for ways to improve it. William looked down at the notes he had taken from the book. He wanted to make sure he told them all exactly how it should be done; he didn’t want to get it wrong.

Alyne interrupted him. She didn’t like the way William seemed to be telling them what to do. “I think before we go charging down that street, we need to decide how we are going to decide things. I, for one, don’t want people telling me what to do about my area.” A few people nodded. “I think everyone should have a vote in these changes.”

“Yes, I agree,” said Frank, her assistant. “Majority rules; no one should have more say-so than anyone else.”

“Fine,” said William, but he couldn’t help feeling that something had just gone wrong. The team agreed to vote on all matters. People started fidgeting in their seats, so William suggested that they end the meeting. “Everyone should try to buy the books and read them before our next meeting,” he said.

During the next few months, William tried in vain to get the group to read the books. He thought if they would read them, they’d understand what he’d been talking about.

He felt pretty disheartened as he spoke to his wife that night. “Everyone wants to just go along,” he told her. “We’ve got all these individuals on the team, and they only seem to care about their own turf. I thought we were starting to make progress last week when a few people started talking about the common complaint their customers had about reaching them, but then it became a discussion about why their customers didn’t understand. I’ve learned you can’t dictate to

them. I have to win them over, but I don't know how. I'm going for a drive to think this out."

As William drove toward the beach, he thought about his job. He wasn't having much fun. Every meeting was the same thing. Members had to vote on every little thing that was brought up. If someone in the group didn't want to do it, that person just didn't vote. Or the person would go along with everyone else and vote but not follow through. He saw no evidence that anyone wanted to make it work. He wished he could go to his supervisor, John, but John had maintained a strict hands-off approach with the team since the in-service training. He felt that John had cut them loose, to sink or swim. They were definitely sinking.

"Maybe there is too much diversity on this team," he thought. "I need training on how to bring a diverse group together." He decided to see if he could get some training to help him out of the hole he'd crawled into.

William Voted Out

When William approached the human resources department about the training, he was told that his group did not have the budget for that kind of training. William angrily left the office, feeling very discouraged.

Over the next two months, it became painfully obvious that the group wasn't working. Some team members argued constantly, and some avoided conflict at all cost. Carol, the assistant business manager, requested a stress leave. She felt she couldn't take the problems and responsibility any longer. No one could agree on the team's goals, or how they were going to integrate their "service team." They felt frustrated with John, their manager, and thought he was unpredictable. John had a reputation for being a supportive and creative manager, yet with this team he was distant. They wondered why he didn't act like the manager others said he was.

Finally, at one meeting six months after the team began, Alyne, the VAX specialist, spoke up, "Look, William, this isn't working. We need a new leader." Everyone else agreed and, after some discussion, they voted in Glen, their former supervisor, as their "volunteer" leader. Glen, who had recently won his grievance against the layoff, was ready for the assignment.

William felt hurt. "That's it, I give up," he thought. "From now on, I'm looking out for my own group. I've been neglecting the Mac users, but no more."

About the time that Glen became "volunteer" leader, John was transferred to another assignment, and Barbara, the director of business management, became the group's manager. She told team members they needed to get better at serving their customers.

Glen, who had more leadership skills than William, recognized that the team was at a crisis point. He decided to try to

build trust among the team members by working on continuous process improvement (CPI). He thought they might be able to pull it off if they just had enough time.

After four months, Barbara, the team manager, pulled the plug and ordered the team to go back to the structure it had nearly a year ago. A few people, and particularly Glen, were disappointed. "I was just beginning to feel like we were going to make it. The other team members were right—the company doesn't support teams. They just give a lot of lip service, but there is no management commitment."

The team went back to its old structure. John, their former manager, looked back at what happened. "They are still having problems serving their customers. I ran a bizarre experiment by cutting them loose. I took away all their support systems, and told them they were all equal people. It was a big mistake."

Source: *Understanding diversity: Cases, readings and exercises* by Harvey/Allard, pp. 242–244. © 1995 Addison Wesley Longman, Inc. Reprinted by permission of Pearson Education, Inc., Upper Saddle River, NJ.

1. Discuss the leadership situation in the Customer Services Team in terms of emergent leadership and the behaviour of assigned leaders. Why did William become the leader of the team and what behaviours did he exhibit? Why wasn't he a more effective leader?
2. Use House's Path-Goal Theory to analyze the leadership situation facing the Computer Services Team. What leadership behaviour does the theory suggest? What leadership behaviour did William exhibit and what effect did it have on members of the team?
3. Use Fiedler's Contingency Theory to analyze the leadership situation. What leadership style does the theory suggest? What leadership style did William exhibit and what does the theory say about his effectiveness as a leader?
4. Discuss the merits of transformational leadership for the Customer Services Team. What about LMX theory and developmental leadership?
5. Consider the relevance of leadership neutralizers and substitutes for the Computer Services Team. What are some possible neutralizers or substitutes and what are the implications of them for leadership? Does leadership matter in this situation?
6. What do the events in the case tell us about the effects of leadership on individuals, teams, and organizations? Was the Computer Services Team a big mistake or could things have turned out differently? Explain your answer.